



Association Health Plans

The Department of Labor's final rule, issued June 19, 2018, builds on House Republican efforts to provide health care options to millions of small business employees across America.

BACKGROUND: Employers play an important role in providing America's working families with access to affordable health care coverage. Unfortunately, small businesses have been hit especially hard by flawed mandates, soaring costs, and limited choices under Obamacare. According to the National Federation of Independent Business, the number one challenge facing small businesses in 2016 was the cost of health care. Since 2008, the share of small businesses with fewer than 10 employees offering health coverage has dropped 36 percent — leaving workers and their families with fewer health care options.

Meanwhile, Obamacare has destroyed small businesses and resulted in fewer jobs and lower wages. Workers and their families deserve better. That's why Congress has taken steps to repeal the failed health care law and transition to a patient-centered system. As part of this step-by-step process, Republicans have advanced positive reforms that make it easier for small businesses to offer health care coverage to their employees.

Due to their size and economies of scale, large businesses and labor organizations have the ability to negotiate on behalf of employees for high-quality health care at more affordable costs. By offering a qualified group health plan under the *Employee Retirement Income Security Act* (ERISA), these large employers and labor organizations are also exempt from myriad state rules and regulations on health insurance. Small businesses, however, do not have the same bargaining power as larger businesses and are unable to band together to increase their bargaining power in the health insurance marketplace. By allowing small businesses to join together through association health plans (AHPs), small businesses can have greater ability to negotiate for lower health care costs for their employees.

On March 22, 2017, the House passed the SMALL BUSINESS HEALTH FAIRNESS ACT: Introduced by Rep. Sam Johnson (R-TX), chairman of the Ways and Means Subcommittee on Social Security, and Rep. Tim Walberg (R-MI), chairman of the Education and Workforce Subcommittee on Health, Employment, Labor, and Pensions, the *Small Business Health Fairness Act* (H.R. 1101) would empower small businesses to band together and offer coverage through AHPs to purchase quality health care coverage at a lower cost for their employees. **Consistent with the new DOL rule, H.R. 1101 will:**

- ✓ **Increase small businesses' bargaining power** with insurance providers and put them on a more level playing field with larger companies and unions.
- ✓ **Expand affordable coverage for working families** who want to purchase health insurance through their employer.
- ✓ **Lower administrative costs** for small businesses who face limited resources and want to provide health insurance to their employees.